

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS (MCALLEN)**

<b>In re:</b>	)	
	)	
<b>GARCIA GRAIN TRADING CORP.,</b>	)	<b>Case No. 23-70028</b>
	)	
<b>Debtor.</b>	)	<b>Chapter 11</b>
	)	

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**STONEX COMMODITY SOLUTIONS LLC’S  
LIMITED OBJECTION TO DEBTOR’S EMERGENCY MOTION TO MODIFY  
COURT’S PRIOR RULING ON DEBTOR’S SECOND AMENDED MOTION FOR  
AUTHORITY TO LEASE GRAIN FACILITIES TO TEXAS VALLEY GRAIN, LLC**

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**COMES NOW**, StoneX Commodity Solutions LLC *f/k/a* FCStone Merchant Services, LLC (“**StoneX**”), by and through its undersigned counsel, and files this *Limited Objection to Debtor’s Emergency Motion to Modify Court’s Prior Ruling on Debtor’s Second Amended Motion for Authority to Lease Grain Facilities to Texas Valley Grain, LLC* (this “**Objection**”). In support of its Objection, StoneX submits the following:

**JURISDICTION & VENUE**

1. On February 17, 2023 (the “**Petition Date**”), Garcia Grain Trading Corporation (the “**Debtor**”) filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”). The Debtor continues to operate its business and manage its property as a debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.

2. The Court has jurisdiction concerning this Objection pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b), *et seq.* Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

**PERTINENT FACTUAL BACKGROUND**

3. On May 26, 2023, the Debtor filed its *Emergency Motion for Authority to Lease Grain Facilities to Texas Valley Grain, LLC* [ECF No. 253]. The Debtor amended that emergency motion the same day, *see* [ECF No. 254], then filed its *Second Amended Emergency Motion for Authority to Lease Grain Facilities to Texas Valley Grain, LLC* on May 28, 2023. *See* [ECF No. 259] (the “**Second Amended Emergency Motion**”).

4. In the Second Amended Emergency Motion, the Debtor sought to “lease its two grain storage facilities located in Progreso and Santa Rosa, Texas for a period of nine (9) months beginning June 1, 2023, and running through February 29, 2024.” *See id.*, p. 2.

5. On May 30, 2023, the Court entered its *Order Setting Electronic Hearing on Debtor’s Second Amended Emergency Motion for Authority to Lease Grain Facilities to Texas Valley Grain, LLC*, setting an electronic hearing on the Second Amended Emergency Motion for May 31, 2023 at 10:00 AM. *See* [ECF No. 263]. That hearing was held, and the Second Amended Emergency Motion was granted pending an agreed order. *See* Docket Entry dated 5/31/2023.

6. On June 7, 2023, the Debtor filed its *Emergency Motion to Modify Court’s Prior Ruling on Debtor’s Second Amended Motion for Authority to Lease Grain Facilities to Texas Valley Grain, LLC* (the “**Emergency Motion**”) [ECF. No. 283]. Therein, it noted that “[u]nfortunately. . . [Texas Valley Grain, LLC] has determined not to go forward with the leasing of the Progreso Facility but is still wanting to lease the Santa Rosa Facility under the announced terms.” *See id.*, p. 3. The Debtor additionally seeks to substitute Elkins Grain Company, McCook Texas (“**Elkins**”) in Texas Valley Grain, LLC’s stead related to the lease of the Progreso facility. *See id.*

7. A hearing on the Emergency Motion is set for June 9, 2023 at 9:00 AM. *See* [ECF No. 286].

### **RELIEF REQUESTED**

8. StoneX files this limited objection to the Emergency Motion because it seeks to introduce a new entity to the case in a significant role with very little opportunity for StoneX or other parties-in-interest to review the new lease and determine Elkins intentions with the proposed operations including the completion of the sale of the prepetition grain located at Progreso.

9. Further, the motion purports to require StoneX to undertake certain responsibilities concerning the provision of insurance over the grain stocks in Progreso. *See, e.g.*, [ECF No. 283, p. 5, ¶ 7] (discussing the previous agreements) (“StoneX [will cover] the grain stocks at the Progreso Facility currently in the process of being sold and moved into Mexico”); *id.*, p. 9 (“Elkins shall be responsible for all insurance relating to the grain stocks to be stored in the grain silos located on both facilities. . .”). To be clear, StoneX does have insurance coverage over the remaining grain stocks in Progreso because StoneX is the owner of that grain as evidenced by the warehouse receipts attached to its 557 Claim Form. However, StoneX’s insurance concerning the grain stocks only benefits StoneX, not the remaining parties to the case.

10. StoneX will work with the parties to resolve its concerns with the current motion and proposed leases. However, StoneX’s *Motion to Convert Case to One Under Chapter 7* [ECF No. 144], remains pending before the Court. StoneX reserves all rights and arguments with respect to the Motion to Convert. The current motion and lease arrangements demonstrate that the Debtor is unable to operate its facilities on its own or provide insurance to cover the estate assets. Yet, it continues to employ individuals, including a number of insiders, in ongoing operations. The Debtor has yet to show a viable plan for reorganization in this case.

**WHEREFORE**, StoneX respectfully requests that the Court deny the Emergency Motion [ECF No. 283] for the reasons set forth herein and based on arguments to be made at the hearing thereon. StoneX requests any additional or different relief that the Court deems in the interests of equity. A proposed order is attached hereto pursuant to BLR 9013-1(h).

Respectfully submitted this, the 8th day of June, 2023:

/s / KURT STEPHEN

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**CERTIFICATE OF SERVICE**

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I hereby certify that on this, the 8th day of June, 2023, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system and a true and correct copy of the foregoing has been served on the following via electronic means through the Court's electronic filing system or via US Mail upon those listed in the Court's matrix.

/s/ David W. Houston, IV

David W. Houston, IV

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**PROPOSED ORDER**

*(See attached.)*